

AIRPORT FUND (242)

MAJOR FUNDING CHANGES

Airport Revenues

The Laredo International Airport is an integral part of the National Airspace System Plan providing services for the public including commercial aviation, general aviation, and military support. Airport administration is responsible for managing the operation, planning, and maintenance of the City's property used for aviation and non-aviation purposes. The revenues generated from rents are used for the operations, maintenance, and debt service of the airport.

Fiscal Year 2002-03: On July 21, 2003, a reimbursement agreement with the Transportation Security Administration (TSA) was approved to reimburse the Airport for law enforcement services associated with the passenger screening checkpoint. The reimbursement agreement is retroactive to June 1, 2003 and shall continue in effect until September 30, 2007. The total estimated cost of the reimbursement agreement is \$423,714.50 with the following reimbursement schedule:

FY 2003	\$30,500.00
FY 2004	\$93,987.50
FY 2005	\$96,798.00
FY 2006	\$99,718.00
FY 2007	\$102,711.00

In addition, two (2) tracts of land are estimated to be sold by the Airport by September 30, 2003, which will generate a significant amount in proceeds for the Airport. One tract of land is approximately 50 acres and is being estimated to be sold for \$7,500,000. The other tract of land is approximately 15 acres and is being estimated to be sold for \$2,500,000.

Fiscal Year 2003-04: Rents and Royalties are expected to increase by \$543,589 or 16.5% over FY 2001-02. Several factors are responsible for this projected increase. For instance, during FY 2003, the City Council approved an increase in Landing Fees from \$0.60 per thousand pounds gross landed weight to \$0.90 for commercial cargo airlines. Another factor in the increase in revenues is making commercial airlines nonexempt when it comes to paying fuel flowage fees, which would generate an additional \$120,000. Additional revenue is projected for FY 03-04 in the amount of \$140,256 for the new agreements with the car rental agencies housed at the Airport, which were effective in July 2003. An annual CPI adjustment is factored into all existing and new leases that the Airport oversees on an annual basis.

Airport Expenditures

The fiscal year 2003-2004 budget includes appropriations in the amount of \$2,826,605 for Administration, \$390,306 for Building Maintenance, \$420,642 for Grounds Maintenance, \$373,894 for the Control Tower, \$478,266 for Airport Police and \$15,508 for Foreign Trade Zone.

Administration

Fiscal Year 2003-04: Airport Administration appropriated expenditures reflect \$2,826,605, which translates into a \$138,455, or 5% increase over the estimated expenditures in FY 2002-03. In addition, the transfer out to Debt Service in the amount of \$ 790,914 will be used to cover debt requirements for combination (tax and revenue) certificates of obligation and equipment debt.

Control Tower Division

The city-operated Air Traffic Control Tower provides air traffic control services for the Laredo International Airport insuring the safe, orderly, and expeditious movement of aircraft on the Airport's surface and in the Airport's airspace. The control tower operates under an agreement between the City of Laredo and the Federal Aviation Administration (FAA). The FAA reimburses the city for this operation with estimated revenue for FY 2003-04 of \$295,200.

Airport Police

FY 2002-2003 established a new division, within the Airport Fund, solely for the Airport Police in order to account for security expenses separately with the recent reimbursement agreement from the Transportation Security Administration. Since the events of September 11, 2001, many grants have been established to aid with financial relief for the additional expense of heightened security at airports.

Fiscal Year 2003-04: Airport Police appropriated expenditures reflect \$478,266, which translates into a \$76,066, or 18.9% increase over the estimated expenditures in FY 2002-03.